

DRAFT

**City of Milwaukee
Housing Policies**

As of July 22, 2002

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HOUSING POLICY- NEIGHBORHOOD STRATEGIES

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Basic Principles

All neighborhoods can expect to receive at least the basic level of service that deals with complaints and health/safety issues even though they may not receive the exact same services. Discretionary resources are limited and should be used how and where they will best contribute to the overall value of the City's neighborhoods. It has been shown that building on strengths is more productive than focusing on the most difficult problem first. Also, to get visible results, it is necessary to target and concentrate discretionary resources.

The City departments with the greatest impact on neighborhoods, DNS, DCD, DPW, Health, and MPD should communicate and work together on neighborhood issues. All agencies must collaborate so activities of one can benefit others wherever possible. To the extent possible, City efforts should build upon other public or private developments taking place. The presence of a solid neighborhood anchor will improve potential for success.

Private money should be a component and there should be an emphasis on using funds where they will leverage private investment

BROAD NEIGHBORHOOD STRATEGIES

Maintenance Strategy involves maintaining the status quo in a neighborhood that does not require significant intervention because the private market is strong enough to deal with most problems. The typical characteristics of a neighborhood where this strategy would be used are: an active private market, stable ownership of rental and owner-occupied properties, and generally well maintained properties. All basic services will be provided with limited additional services being provided if needed.

Rehabilitation Strategy emphasizes the maintenance and improvement of existing building stock. It involves building on a neighborhood's strengths by enhancing current assets. The typical characteristics of a neighborhood where this strategy would be used are generally stable ownership, low tax delinquency, a small percentage of vacant lots & severely deteriorated buildings, and generally code compliant building stock. All basic services will continue to be provided. In addition, discretionary resources would be allocated to support the following types of activities including rehabilitation and maintenance of existing properties, housing production where feasible, and proactive code enforcement on deteriorating properties.

Revitalization Strategy emphasizes the production of additional housing units through new construction and the acquisition, rehabilitation and sale of existing properties. It involves increasing the value of a neighborhood by taking advantage of existing buildable sites and, (usually) tax foreclosed properties that can be rehabbed and sold. The typical characteristics of a neighborhood where this strategy would be used are a relatively large numbers of vacant lots or severely deteriorated buildings which could be rehabilitated or as a last resort, removed; reasonable proximity to areas experience growth &/or reinvestment; the unrealized potential for active private market and leveraging of private funds, a relatively large number of tax delinquent or, In Rem or City-owned parcels; and a solid neighborhood anchor. All basic services will

continue to be provided. In addition additional discretionary resources will be allocated to support the following types of activities: New Housing Production, Buy Rehab & Sell, Major Rehabilitation of Existing Properties and proactive code enforcement.

Renewal (Reorganization) Strategy emphasizes organizing the neighborhood to provide the structure needed to encourage reinvestment and prepare the neighborhood for reinvestment. It involves working with the existing resources, residents, property & business owners, religious or other organizations, to identify and attempt to mitigate the factors that are causing deteriorating physical conditions and lack of a healthy private market. The typical characteristics of a neighborhood where this strategy would be used are a very limited private market investment, unstable ownership of rental properties and a low owner-occupancy rate, and a large number of properties that show signs of distress. All basic services will be provided. In addition, discretionary resources will be allocated to assist in the development of a neighborhood organization structure that will help stabilize the neighborhood and encourage private investment. Strategic code enforcement, demolition, selective removal & reuse will be used as appropriate

NEIGHBORHOOD REINVESTMENT ACTIVITIES

Housing Production through New Construction is a tool to be considered where there is an active market that will support new home sales and may not be currently served by private development. To be effective there must be sufficient useable construction sites available to make it possible to create a critical mass of new construction. It could also be effective when there are one or two lots available on an otherwise built-up block with stable ownership

Housing Production through Rehabilitation & Sales can be effective where there is an active market that will support home sales and may not be currently served by private development. To be effective there must be an adequate number of properties that could be acquired, rehabbed, and sold at a reasonable cost. In many cases these may be properties that have been acquired through tax foreclosure.

Rehabilitation of Existing Properties can be effective where there is stable ownership, either rental or owner-occupied; a low level of tax delinquency, a low level of board-ups & demolition candidates; and the neighborhood is relatively stable, existing blocks are relatively solid and there are few open lots. Where possible, it should be done in conjunction with one of the housing production programs to maintain the character of the block.

These strategies are not mutually exclusive and all can be applied in a given neighborhood. In applying these strategies the emphasis should be to focus on areas of strength and let the benefits spread out from there

NEIGHBORHOOD ENFORCEMENT STRATEGIES

From a code enforcement standpoint there are three major Neighborhood Level Strategies for the enforcement of building, zoning, and nuisance Codes

Complaint Response and Periodic Inspections is a strategy used throughout the City. It

has two components. First, inspectional staff targets inspections based upon complaints from the public, neighborhood groups, City officials and other City employees. Second, life safety and property maintenance inspections are incorporated into the periodic fire inspections of apartments and commercial buildings.

Proactive Enforcement of Building & Zoning Codes is a strategy used in targeted areas. Under this strategy, inspectional staff actively seeks out building and zoning code violations. This approach is best suited for neighborhoods that are reasonably solid but a small number of properties have a general blighting influence on the neighborhood. It is also well suited for neighborhoods with a large number of developable vacant lots where development activities may be hampered by blighting properties. The enforcement goal is to have owners improve the properties or, in the case of severely damaged or deteriorated properties, to have them razed for new development. This type of strategy is best used in an area of limited size, ideally where there are resources that can be used to provide rehab assistance.

Point of Sale Inspections are referred to locally as the Certificate of Code Compliance Program. This strategy targets 1 & 2 family dwellings in designated areas for complete inspections and rental properties throughout the City for exterior inspections. Inspections are made when the properties are sold. This approach typically requires the support of the areas into which it is being introduced and must be specifically provided for by ordinance.

Property Based Strategies

Code Enforcement is a generic term that includes all building, zoning, and nuisance codes. Typically the goal is to get the owner of a property to correct violations that are a threat to health & safety or are a blighting influence on a neighborhood. In situations involving imminent threat to health & safety the Department has the authority to correct the condition and put the costs of that action on the tax roll. The Code Enforcement Strategy is used throughout the City.

Condemnation and Demolition is a strategy that is used Citywide when buildings are so severely damaged or neglected and cost of repair is excessive. Typically this strategy is applied when the cost of repair exceeds the value of the building. In some cases, the strategy may be applied when the cost of repairs are less than the value of the building but State law limits condemnation actions to situations where repairs exceed 50% of the value. Condemned buildings may be rehabbed under strict guidelines that require the owner to demonstrate technical and financial ability to repair the building.

Mothballing of properties is a strategy that is used Citywide. Under this strategy a building is kept secure though no other significant work is done on it. It is typically used in areas where the neighborhood ownership is stable and the building is basically sound and could be repaired, but public or private funds are not available for rehab. This is a short-term strategy

Removal & Reuse (Deconstruction & Reuse of Building Material) is a strategy that can be used Citywide. Generally it applies to buildings that would be considered for **Condemnation and Demolition**. It could also be used in situations where it is desirable to remove structures to make way for new development or to remove buildings that are functionally obsolete. Under this strategy the building is taken apart rather than razed and the building components are reused in

subsequent construction. The use of this strategy is dependent upon the materials being such that their recovery and reuse or sale is economically viable.

Preservation is a strategy that includes renovation, rehabilitation, or restoration of significant buildings. The cost of preservation may be higher than typical new construction. However, the cost to maintain the quality and craftsmanship associated with architecturally significant structures is often returned in improved quality of life, sense of place, neighborhood pride, and a higher return on investment upon sale of the building. Contemporary materials that replicate the appearance of the original building materials can be used, as long as application of the materials does not remove or cover over architectural features such as window hoods, brackets, intricate shingle patterns, or trim moldings. Preservation can be used in any neighborhood with historic structures in conjunction with other housing strategies to create a special sense of place.

MODEL FOR NEIGHBORHOOD DEVELOPMENT

This model for neighborhood development was prepared with the participation of the Departments of City Development, Public Works, Neighborhood Services, Health, Police, the Community Development Block Grant Office and Mayor's Office.

NEIGHBORHOOD ASSESSMENT

- Do an assessment of the neighborhood that includes housing, commercial, retail and industrial properties.
- Identify each area's existing resources and strengths including such assets as purchasing power, significant redevelopment or catalytic projects, planning studies, and leadership capacity.

WORK WITHIN AREAS TO BUILD CAPACITY

- Work with Alderpersons to help organize businesses and residents. Provide a 'road map' for groups that will help them develop and demonstrate capacity. This could be in the form of a booklet and would include the following 'building block' activities:
- Designate a lead agency. This could be a business association, a landlord compact, a business that is a major employer in the area, or a community group such as a community development corporation. The lead agency would be responsible for coordinating the various capacity-building activities within the neighborhood.
- Create a resource assessment that identifies:
 - Neighborhood assets (physical and economic) & boundaries
 - Partnerships: Churches, community groups, block watches, business & neighborhood associations
- Create a forum for on-going and regular communication with area stakeholders.
 - The group should meet regularly (at least quarterly) to identify immediate issues, create strategies, report on progress and identify future issues.
- Develop additional resources such as business associations, Business Improvement Districts (BIIDS) Targeted Investment Neighborhoods (TINs), and block watches.
- Organize block clean-ups, block parties and a 'Quiet Summer Campaign.'
- Involve the community in identifying and addressing nuisance properties/behaviors and criminal activity. This includes participating in nuisance and drug abatement programs.
- Use on-goings meetings with area stakeholders to identify problems, action to be taken, and to provide a forum for accountability and follow-up.
- Coordinate activities with neighborhood strategic plans where appropriate.

CLUSTER DEVELOPMENT/INVEST BLOCK GRANT DOLLARS IN AREAS THAT HAVE DEMONSTRATED STRONG CAPACITY.

- The community develops an area strategic plan in conjunction with the City (DCD, DPW, DNS, CDBG, Health, Police) and other partners. This plan includes land use, market analysis, human service needs, a property inventory, neighborhood strengths and neighborhood desires.
- Plans should include strategic public improvements, code enforcement and police support.
- Plans should include identification of nuisance sites in the area and a strategy for dealing with them. This includes houses (residential) and environmental hazards (commercial). The plans may include developing specific buildings and sites to prepare them for re-use.
- The plans should be designed to maximize public safety (CEPTED) and traffic design issues, environmental quality, desired amenities and economic self-sufficiency of neighborhood residents.
- The plans should identify partners and sources of funding.
- Promote these areas to private developers.
- If an area does not have strong capacity, the city and area stakeholders should assist groups in building it. Once strong capacity is established, that area is an appropriate location for "cluster development."

GENERAL COMMENTS

- Keep in mind the King Drive model for building capacity.
- The NSP process is helpful for focus group work and identifying macro issues; this planning process complements NSP planning. (1) It is a land use and development plan which is integrated with other planning and (2) assist groups in addressing 'micro' concerns.
- Ensure the needs of the ENTIRE city are being met. Include all aldermanic districts.
- Develop a series of smaller steps as a way for group with less capacity to get started.
- Have incentives to offer areas that have made it part of the way through the capacity-building process and for areas that are not chosen for 'cluster development.'

POLICY FOR CATALYTIC PROJECT AREAS

Consistent with the City's continuing efforts to cluster development activity to maximize value and leverage investment, development resources will be targeted in identified "Catalytic Project Areas" (CPAs). These project areas will complement and often co-exist with both new and existing Targeted Investment Neighborhoods (TINs). The intent of the CPA/TIN convergence and co-existence is to leverage non-traditional resources through the aggressive yet coordinated investment of CDBG, HOME, and other public dollars such as City, MPS, County, Federal and State capital improvements funds.

A Catalytic Project Area will have the following characteristics:

- A compact area so improvements will be concentrated and readily visible.
- The presence of a high impact residential, commercial, civic, infrastructure, institutional, or industrial project(s) currently underway that represents a significant and visible investment in the neighborhood.
- Strong neighborhood and/or private sector partner(s) operating in the neighborhood.
- The potential to leverage significant additional investment.
- All proximate investments have strong relationship to the central project.
- An integrated strategy among the partners that addresses commercial, residential quality of life issues.

The underlying strategy of a catalytic project area borrows on successful strategies employed in neighborhood revitalization efforts – "Large Impact Development Projects" and "Integrated Neighborhood Revitalization Strategies." It focuses the combined efforts and resources of a number of different partners (City Departments, neighborhood community organizations and the private sector) to leverage the impact of the catalytic project(s) and spur additional private sector development activity in the neighborhood.

A small amount of funding will be requested from CDBG and used to "fill the gaps" in the resources that are currently available in the neighborhood. These funds will be flexible in that they should respond to the unique neighborhood needs in the area surrounding the catalytic project.

The funding set aside for these Catalytic Project Areas be retained by the CGBA office and a project steering committee established for each project area to invest funds in project-supporting activities. A representative of the CGBA office as well as neighborhood and critical and appropriate City agencies will be represented on these steering committees.

INVESTMENT OF CDBG & HOME FUNDS IN CATALYTIC PROJECT AREAS

CBGA and HOME funds will be used for the following types of activities as needed to complement and successfully implement catalytic projects, based on the deliberations and decisions of the steering committee:

- Code Enforcement
- Spot Acquisition
- Brownfields
- Large Impact Development (LID)
- Rental Rehab
- Owner occupied rehab grants & loans
- Façade Grants
- Buy, Rehab, Resell
- Minor Home repairs
- Community organizing
- Retail Investment Fund (RIF—formerly known as TCDF)

POLICY ON TARGETED INVESTMENT NEIGHBORHOOD (TIN) PROGRAM

The TIN program is a neighborhood revitalization strategy in which the City of Milwaukee working with a neighborhood partner, focuses resources in a relatively small area (6 to 12 city blocks) in an effort to stabilize and increase owner-occupancy, strengthen property values and improve the physical appearance of a neighborhood. The goal of this strategy is to reverse trends of disinvestment by improving the physical and social infrastructure of a neighborhood.

A TIN is a multi-year commitment to the neighborhood. Typically, a TIN requires three years of intensive activity including enhanced property rehabilitation loans (for owner-occupants and for investor-owners); promotion of homeownership; blight removal; intensive code enforcement, and public improvements where appropriate. The Department of Neighborhood Services (DNS) designates a pool of funds available for these activities, but there is also a concerted effort to maximize private investment and coordinate the City's spending with other forms of public investment. Other City departments such as the Department of City Development, Department of Public Works and the Milwaukee Police Department also work closely with DNS and the local resident group to implement the revitalization plan. The ultimate objective is to produce a "convergence of activity" that positively affects market conditions and improves the quality of life in the neighborhood.

The TIN approach uses these strategies:

- **Eliminate blight** through intensive code enforcement and selective acquisition and demolition of substandard property.
- **Increase homeownership** through purchase and resale to owner-occupants of blighted absentee-owned property; information on special loan programs and pre-purchase counseling are made available for first time homebuyers.
- **Improve housing conditions** by offering incentives to investors and owner-occupants to take out home improvement loans.
- **Improve the physical environment** through enhanced rehab standards and installation of needed capital improvements alley and street resurfacing, curb and gutter replacement and new street lighting.
- **Improve the social environment** through neighborhood organizing and crime prevention activities.

A TIN is first and foremost a partnership between City government and the neighborhood partner. That aspect of a TIN cannot be emphasized enough. Active and enthusiastic participation by local residents is essential to the success of a TIN. This document was developed in an effort to make clear the "terms of the contract" between the City and the neighborhood group so that residents can decide whether the level of commitment exists that is needed to successfully undertake a TIN and so that they understand the limitations of the program

SELECTION CRITERIA

Resident commitment is the most critical element in determining the success or failure of a TIN. However, other characteristics are also important. Not every neighborhood needs the intensive array of physical improvement programs that a TIN provides. Some neighborhoods require less intensive forms of assistance, such as neighborhood organizing strategies or lightly subsidized home improvement loan programs.

Generally, a good candidate for a TIN is a neighborhood that has some or all of the following characteristics:

- The private real estate market is functioning, but shows signs of faltering.
- Owner-occupancy rate for single family and duplex property is at least 65%, but there has been a recent decline in owner-occupancy.
- At least 90% of area parcels are current in the payment of property taxes. Tax delinquency rarely progresses to foreclosure for nonpayment of property taxes. However, signs of increasing tax delinquency are evident.
- The neighborhood is a manageable size, about 6 to 12 city blocks.
- The area has a sense of identity as a neighborhood. It has recognizable boundaries, such as major streets, adjacent to open land or a commercial strip.
- The area has one or more anchors such as a major employer, a community center or a church that also give the neighborhood a sense of identity.
- The area recently or is currently benefiting from a major new development, which will complement the improvements being made in the residential neighborhoods. Such developments might include; a streetscape project by an area business association, improvements to the corporate campus by a major employer, a new housing development, or a significant expansion of a neighborhood community center.

PROCESS

Each TIN goes through similar stages of evolution, each requiring a commitment of time and effort by both City staff and neighborhood residents.

1. **Selection of a target area:** City staff meets with neighborhood residents to evaluate the appropriateness and readiness of a neighborhood for a TIN program and the selection criteria. This process includes identifying logical boundaries of the TIN and securing the “buy-in” of all the major stakeholders in the neighborhood.
2. **Securing funding and political support:** Since a TIN involves a significant commitment of City resources, support of local policymakers is needed. It is important that local residents keep their local elected officials informed of their efforts. The City’s investment in a TIN is financed with Community Block Grant funds, and since there are many competing demands for these funds, it is important that residents advocate for the TIN during the City’s annual budget process. Also, since the City has made a major commitment to Neighborhood Strategic Planning, it is also important for residents to participate in that process to ensure

that the TIN strategy and the targeted neighborhood are identified as priorities in the strategic plan for that area.

3. **Planning:** A TIN involves a detailed plan for addressing neighborhood conditions on a house-by-house basis. Residents need to work with City staff to compile information on each property in the target area and then identify an appropriate strategy for that property. In some cases, a vacant house may need to be acquired for renovation or demolition. In other cases, a property owner (either an owner-occupant or investor-owner) might need to be persuaded to take out a home improvement loan. In still other cases, a non-responsive owner might be targeted for aggressive building code enforcement.

In a TIN, a special pool of funds is set aside to address neighborhood housing conditions. Residents need to work with City staff to decide how best to apply those funds in order to achieve the desired impact and establish overall goals for the revitalization effort. Residents might also want to identify other needed improvements in the area, such as improvements to public parks or public infrastructure, or installing neighborhood signs to identify the neighborhood. Residents also need to plan and organize other complementary activities, such as crime prevention activities, and neighborhood clean-ups and soliciting support from other major stakeholders.

4. **Implementation:** In this phase, resident leaders and City staff must reach out and market the TIN to all residents and stakeholders. Once property owners are motivated to make improvements, City staff will assist them in preparing the appropriate loan/grant applications and in developing a rehab plan specifically for their property.

Other complementary activities are part of this phase:

- Planning and coordinating public improvements by the Department of Public Works.
- Working with the Department of Neighborhood Services on code enforcement.
- Providing landlord training to small investor-owners to expand their skills with tenant selection and property management.
- Crime prevention training.

Planning and outreach involve a considerable commitment of time on the part of the resident group. Some resident groups have addressed this time commitment through the use of volunteers. Other neighborhoods have attempted to raise funds needed to hire someone who would undertake the needed organizing activities. In either case, the resident group needs to make arrangements to fulfill its obligation under the terms of this agreement.

Funding levels for each TIN will be determined on an annual basis. Each TIN will have until June 30 of that year to commit its funding to particular projects. After that time, the remaining funding will go into a pool that will be utilized by other more aggressive TINs.

5. **Evaluation:** Before, during and after a TIN effort, it is important to continually evaluate neighborhood conditions to insure that the desired results are being achieved. City staff monitors the following indicators, all of which can be obtained from the City's Master Property File:

- Assessed value (single family and duplex parcels).
- Single family and duplex units which are owner-occupied.
- Parcels which are delinquent in the payment of property taxes.
- Parcels which are owned by the City due to foreclosure.

Admittedly, these indicators do not reflect all aspects of neighborhood vitality. However, we have found that they are reliable and objective tools for monitoring neighborhood conditions.

6. **Exit Strategy:** The intensive implementation phase lasts about three years. Because of the popularity of this program, the City maintains the right to cancel a TIN should a community partner not be fulfilling their responsibility. On the other hand, should the momentum be so great and the need still be present, the City will extend their efforts beyond the normal three year time frame. In order to maintain the levels of improvement that were achieved, both the City and the neighborhood residents need to make an ongoing commitment to keep the momentum going. Although the same level of incentives are not available after the TIN effort has ended, the City will continue to provide support to the neighborhood by providing rehab loans and other forms of assistance that are generally available throughout the City's Block Grant Neighborhood. The City will also continue to monitor neighborhood indicators to insure continued stability and improvement in the area. It is assumed that the resident group will continue to function as a "watch dog" for the area, monitoring housing and neighborhood conditions, encouraging improvements as well as applying appropriate pressure, where needed, on non-responsive property owners.

OTHER PARTNERS

Although this document focuses on the respective responsibilities of the City and the resident group, other agencies should be involved in order to ensure a successful result. Other agencies can participate in these ways:

- Lenders can participate by providing special home purchase and home improvement loans.
- Local employers can participate by sponsoring "walk to work" programs which support the neighborhood near the workplace.
- Utility companies can complement the home improvement activity with targeted weatherization programs.
- Other units of government can participate by addressing physical issues relative to their area of responsibility (e.g. Milwaukee County addressing park conditions, and Milwaukee Public Schools addressing physical conditions in a local school).

Residents working with City officials must work to leverage these and other resources and coordinate them all to produce the greatest possible impact.

TID POLICY – HOUSING DEVELOPMENT

Projects involving rehabilitation or construction of housing units in the City that are requesting TID assistance will be evaluated based on the following criteria.

Development Goals/Market Need

- Is the project consistent with the City's broader development strategies and goals as provided in the current Strategic Plan and the priorities contained in the City's Housing Strategy?
- Will the project have a beneficial impact on the surrounding residential market?
- Does the project address a housing need/priority in the neighborhood (e.g., size/type of units, market rate vs. subsidized, family vs. elderly)?

Demonstrated Need for Public Assistance

- Has the developer demonstrated that the project would not be economically viable without the City's assistance? In other words, could the project be developed without City involvement? Are other similar private development projects proceeding in the same neighborhood without public involvement?

Commitment

- Are other non-profit agencies, such as other governmental units, foundations or community-based organizations, involved in the project?
- Has the project's developer involved neighborhood residents and businesses in the project's planning?
- Are neighborhood residents and other stakeholders supportive of the proposed project?

Impact

- Will pursuit of this project leverage additional outside private development?
- Will the project complement other redevelopment activity in the neighborhood?
- Are there opportunities for other neighborhood improvement activities to leverage the project's impact?
- Will the project eliminate a significant blighting presence?
- Will the project be environmentally beneficial?

Human Resource Requirements

- Does this project include a plan to comply with the City's disadvantaged business enterprise requirements?
- Does the project include a plan to comply with the City's resident preference requirements?
- Will the project developer and all subcontractors comply with the City's first source requirements?

TID Feasibility

- Will incremental tax revenue generated within the district be sufficient to support the City's required financial participation?
- Will the developer, who requires the expenditure of local taxpayer dollars, agree to guarantee to the City the increment from the project that will be used?
- Can an additional source of revenue be built into the deal to supplement the estimated tax incremental revenue that will be generated (e.g., loan repayments, revenues from sales proceeds.)?

TAX DEED POLICY

General Policy Statements

Land disposition and real estate development activities should be viewed as an integral part of a larger neighborhood improvement strategy. Broad overall strategic goals are to:

- Increase the tax base
- Preserve the housing stock
- Facilitate development of diverse housing choices
- Create investment and development opportunities
- Eliminate blight

Real estate disposition activity, together with appropriate demolition activity, has very real and tangible benefit – housing preservation and improving neighborhood conditions to remove barriers to reinvestment. Real estate disposition objectives might be summarized as:

- Return *in rem* property to the tax roll as expeditiously as possible
- Prioritize sales to owner occupants and sales to qualified non-profit organizations
- Improve neighborhood conditions by requiring code compliance after sales
- Aggressively market other lands and buildings for high quality development
- Stimulate neighborhood marketplaces by promoting catalytic opportunities
- Manage environmental contracts for land and building re-use
- Cultivate new relationships with the brokerage community
- Manage the City's exposure to financial liability in the tax foreclosure process
- Ensure the health and safety of occupants in City-owned property
- Promptly raze substandard structures
- Maximize rental revenue

Decisions about what property to sell, hold, raze etc. are, and should continue to be “context sensitive.” Is the property located in a planned or existing project area? Is there significant tax delinquency on the block and in the area? Are there numerous properties with outstanding code violations? Is the property key to the programmatic objectives of a community partner or the block? Is it historic? Is a significant amount of area real estate publicly owned?

Tax foreclosures are initiated by the City Treasurer and prosecuted by the City Attorney. These actions are commenced as delinquencies arise. It is possible for the City to expedite tax foreclosure when it is in the City and neighborhood's interest to obtain title as promptly as possible. This could be for assemblage purposes to aid new development; to protect investments already made; and, to protect structurally sound but fragile and abandoned property from declining to the point it becomes infeasible for rehabilitation.

Tax deed property is typically very low value property requiring substantial repair. By ordinance, every single sale requires code compliance within a timeframe prescribed by DNS. This policy objective results in some inherent conflict. How hard does the City press buyers for compliance, particularly those buying for owner occupancy? Do low cost housing goals

(specifically, the corresponding rehab standard) have negative long-term implications for both neighborhoods and the financial health of the purchasers? A significant issue before an interdepartmental workgroup right now is, what is an appropriate compliance level and rehabilitation standard. Is it full code compliance? Full exterior compliance plus interior health and safety? A hybrid of each?

Relevant Background Regarding Existing Procedures

The sale of tax deed property is governed by Sec. 304.49 of the Code. After the Common Council has declared property surplus and established an asking price, a three step process begins.

Property is first offered to area non-profit organizations for affordable housing and other special uses at a fixed and usually nominal price. It is in the City's interest to get seriously dilapidated property into these responsible hands because they may have the financial resources (subsidy dollars) unavailable to the private marketplace.

Next, property is offered to area residents on an exclusive basis for a limited time. The underlying assumption is that area residents will be highly motivated to preserve their property values and protect their investments; thus, they be will be compelled to perhaps make a higher level of investment and accomplish it in expeditious fashion.

If there is no non-profit or area resident interest in tax deed property, it is listed on the open market. Asking prices are intended to be reflective of comparable values in the neighborhood, and are discounted for the estimated cost of major repairs.

Private sector brokers handle showings and write offers. Commissions are paid on every sale (6%, but not less than \$750). A broker onus (\$500) is paid if offers are written on behalf of owner occupants. We are contemplating a buyer discount (credit at closing) for owner occupants.

By ordinance, offers cannot be accepted from individuals who are tax delinquent on other property, or, who have been convicted for building code violations within the past 12 months. Lead abatement and property "flipping" records are also checked, and negative reports have in fact served as the basis for rejection of offers. Furthermore, approximately 6 months ago, we began a routine process of checking municipal and circuit court records to see if prospective buyers have records that might be indicative of habitual crimes detrimental to neighborhoods.

As a result of a number of process improvements and ordinance changes over the years, the holding period for tax deed property has been reduced to about 6 months on average. This is from the date of acquisition to the date of resale. It is critical to move property through the process as expeditiously as possible to minimize compounding financial loss to the City, to protect the property from further deterioration, and, to minimize the risk of catastrophic loss to both property and occupant.

The disposition process timeline can be summarized as follows:

Month 1	inventory property
Month 2	Council approval
Month 3	area resident offering
Month 4	open listing period
Month 5	accept offers
Month 6	close sales

Managing Vacant Land Assets

A major component of the tax deed program is disposition of vacant land. A common misconception is that the City of Milwaukee owns by far the greatest majority of vacant land throughout the community. What land the City does own is a very valuable asset to be protected. Land ownership gives Milwaukee a competitive advantage. Buildable land should be reserved for future development. As market forces continue to change and as Milwaukee's neighborhoods continue to improve, this land will become desirable for new housing and business investments.

Holding periods vary from neighborhood to neighborhood and in the meantime DCD works aggressively to market surplus lots to adjoining owners and others. At the same time DCD works to reduce the surplus land inventory to the greatest extent possible, DNS works diligently at responsible vacant land maintenance.

The vacant land management strategy can be summarized as:

- Identify and aggressively market unbuildable residential lots to adjoining property owners
- Identify and reserve buildable parcels for the immediate promotion and construction of commercial projects and in-fill housing
- Identify vacant parcels to land bank for future housing and economic development activities
- Maintain land remaining in the City's inventory so that it does not become a blighting influence on neighborhoods

What are some process improvements under consideration with the Department of Neighborhood Services now?

- 1) Promote DNS financing availability and banking relationships with real estate advertising
- 2) Underwrite existing tenants for owner occupied purchase and repair loans
- 3) Provide interested buyers with a list of repairs that will be required for 'code compliance'
- 4) Have buyers provide mortgage pre-qualification statements with offers to purchase
- 5) Involving DNS in the up-front planning review process occurring after foreclosure
- 6) Making linkages with homebuyer counseling agencies

POLICY STATEMENT REGARDING THE USE OF CDBG “SPOT ACQUISITION” FUNDS

Background

Some 20 years ago, the Community Development Policy Committee began allocating money to DCD for Urban Renewal Projects (blighted areas) for a variety of uses. This would typically include capital improvements in project areas, planning studies and the acquisition of blighting property for clearance and assemblage purposes.

About 10 years ago, the Community Development Policy Committee began allocating money to DCD for the purchase of blighting property on a “spot” versus “project” basis. The rationale was that the City had a need for property in areas outside of formally designated urban renewal project boundaries. The emphasis shifted away from simple blight elimination by clearance, to the acquisition of property for specific purposes and immediate re-use. This would typically include assemblage of land for redevelopment, acquisition of improved property for rehabilitation, and resale in the name of increasing owner occupancy and/or preserving historic structures. For a number of years, that budget was \$1million annually.

In the early to mid-1990s, the Community Development Policy Committee drastically cut that DCD funding to \$400- to \$500,000 annually. The balance of the funds was placed in specific TIN budgets for acquisition purposes in those project areas.

Issue

CDBG funding is inadequate to address both the housing and neighborhood development needs of DNS and the economic development needs of DCD in their entirety. This necessitates an interdepartmental work team to review strategic priorities, propose spot acquisition projects, and make recommendations for funding allocations.

Policy

DNS and DCD staff will provide written requests for funds to the work team at the beginning of each fiscal year. Requests will be evaluated on the relative merits. This will include, by way of example, the amount of proposed new investment, tax base benefit (or in the case of non-profit purposes, an explanation of the public benefits), number of jobs created, housing impact, and catalytic nature. The work team will determine if the proposed projects augment the goals of neighborhood and departmental strategic plans, specifically with respect to clustering.

Spot acquisition should not be used as a substitute for code enforcement actions.

To ensure there is adequate funding to achieve all strategic priorities (both housing and economic development), TIN budgets must include acquisition money rather than relying on the spot acquisition pool of dollars.

SECTION 42 PROJECT REVIEW PROCESS

BACKGROUND

The Department is responsible for reviewing projects that propose using the Section 42 Low Income Tax Credit program. This review may be for a number of different purposes – zoning change, request for financial assistance, and in all cases, the WHEDA requirement that anyone submitting an application for tax credits provide a letter from the local municipality acknowledging the application. Local support is also a rating factor in the scoring process.

Among the broad policy issues –

- Where do we want to support the creation of new subsidized housing in the City?
- How does the addition of new subsidized housing affect the existing market in the neighborhood in which it is located?
- Do we want to add new elderly housing in the City when the Housing Authority has struggling elderly projects with high vacancy rates, and numbers seem to indicate that we already have an adequate supply of elderly housing?
- Should we be requiring Section 42 projects to have a mixed income component?
- Is the response different for new construction vs. rehabilitation of existing buildings?
- Other considerations – preservation of historic buildings, elimination of blight, etc.

REVIEW PROCESS

The review process would provide a framework for how proposed projects involving the Section 42 Program are reviewed. The purpose of the process would be to:

- Provide consistency to how requests involving Section 42 projects are considered and responded to
- Provide some discipline in the review process
- Provide a collaborative approach to assist staff in evaluating proposed development projects
- Put everyone on the “same page” – so that a consistent policy message is being communicated to the development community

INTERNAL WORKGROUP

This group could meet on an “as needed “ basis. Members would include:

DCD Development Team Representative
DCD Planning Department Representative
DCD Real Estate Representative
HACM Representative
DNS Representative

PRACTICAL CONSIDERATIONS

To avoid last minute requests for support letters, and to allow the group to function effectively, a simple submission process may be developed. The submission process would require lead time

for support letters (e.g., requests for letters of support must be submitted at least two weeks prior to the time when they are needed) and a submission package (e.g., the developer would be required to provide some basic information – description of the project, site plan and elevations, experience statement, breakdown of units and rent levels, etc.). We would communicate the submission process to the residential development community as well as ask assistance from WHEDA.

RECOMMENDATIONS

The workgroup will make recommendations regarding projects to the Commissioner of the Department of City Development that could be communicated to the Mayor and local alderperson.

PROCESS FOR OBTAINING LETTERS OF SUPPORT FROM THE CITY OF MILWAUKEE FOR APPLICATIONS FOR LOW INCOME TAX CREDITS FROM THE WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY (WHEDA)

In order to be responsive to developers submitting requests for letters of support for their applications for low income tax credits, as well as to provide thoughtful consideration of all requests, the City of Milwaukee has implemented the following process. Requests for letters of support must be submitted in writing, at least two weeks prior to the date for they are needed. The request should be accompanied by the following:

- Brief description/executive summary for the project
- Unit breakdown/mix (size, number of bedrooms, target income levels, target households, proposed rents)
- List of development team, including relevant experience in developing/owning/managing affordable housing
- Preliminary site plan/elevations
- Sources and uses of funds statement
- Copy of market study or market analysis summary (if the study or analysis have not been completed, select information from the study can be submitted, specifically relating to proximity of the proposed project to other subsidized housing in the area, and the impact the proposed project may have on other housing in the area (both subsidized and market rate)

(Note – where any of the above are being provided as part of the WHEDA application, application excerpts may be provided.)

FACTORS THAT WILL BE CONSIDERED BY THE CITY IN REVIEW OF PROJECTS REQUESTING SUPPORT

- Experience of the development team
- Consistency with City Plans and local zoning
- Extent to which the property reuses existing buildings, preserves historic structures, or eliminates blight
- Impact on the surrounding housing market
- Proximity of the project to transportation
- Inclusion of market rate units (mixed income)

Note: The above factors are not intended to be all inclusive, but to provide some guidance as to the factors that will be important to supporting low income tax credit projects in the City.

Requests can be mailed to:

Department of City Development
P. O. Box 324
Milwaukee, WI 53202

Or may be delivered to:

Department of City Development
809 North Broadway, 2nd floor
Milwaukee, WI

